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# United States Senate

COMMITTEE ON THE JUDICIARY  
WASHINGTON, DC 20510-6275

(92-266)

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April 1, 1993

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APR -7 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

RE: MM DOCKET 92-266  
RATE REGULATION

To whom it may concern:

Attached are constituent letters sent to Senator Specter regarding rate increases by local cable television operators. We would like these letters to be placed in the record. No response is necessary. If you have any questions, please contact me at (202) 224-6791.

Thank you for your assistance.

Sincerely,

*Melissa Perez*  
Melissa Perez

Enclosures

DOCKET FILE COPY ORIGINAL

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The Honorable Orin Specter January 31, 1993

U.S. Senate  
Senate Office Building  
Washington, D.C. 20510

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APR - 7 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dear Senator Specter:

It was just about this time last  
year that I was in the Senate

[illegible]

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APR - 7 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

OFFICE OF THE HONORABLE US  
SENATOR MR. ARLEN SPECTER

RE: CABLE TELEVISION

Dear Senator Specter!

Feb. 20. 1993.

Congratulation from this Republican family with three Republican boys to add to the ranks. We just moved to the beautiful town of Blue Bell in Montgomery County and this is when our trouble started. The company serving our area is the Cablevision of Norristown and they have become so arrogant that they resort to all kind of gimmicks to make extra money as if their super expensive service is not enough they must use other tricks to make even more money. We pay about \$40.00/month for basic service and when I purchased my own remote control for one of the sets I could not program it to work with the cable company converter box. I called the cable company people and they told me that the converter box is installed in my house minus a small internal sensor for which they wanted an installation fee of \$10.00 and the monthly rent for the sensor of 3.75 even though I am already paying for the converter box where this particular sensor should be fitted.

In my mind this is blatant exercise of monopolistic power which allows a business to deliver poor product at high price and is also arrogant when being confronted by unprotected and without other choice consumer.

I know that you, Senator, have tried to do something about the Cable television industry and I supported your effort wholeheartedly but some kind of result oriented action is required. Your help in resolving this monopolistic situation will be greatly appreciated.

  
Truly Yours  
Michael Kranjec

Michael Kranjec  
940 Lenmar Drive  
Blue Bell, Pa 19422  
(215) 641-0316

MONTGOMERY



TOWNSHIP

BOARD OF SUPERVISORS

623 COWPATH RD. BOX 99

MONTGOMERYVILLE, PA 18936-0099

DANIEL P. OLPERE, TOWNSHIP MANAGER  
TELEPHONE (215) 855-1771  
FAX (215) 855-6656

ROBERT R. KUHN  
CHARLES J. HOLL  
ROBERT SIMPSON, JR.

March 8, 1993

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APR - 7 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

The Honorable Senator Arlen Specter  
U.S. Senate  
530 Hart Building  
Washington, D.C. 20510

Dear Senator Specter:

Our Township recently began negotiations for a new cable television franchise agreement with Adelphia Cable Communications. It has become apparent during this negotiation process that regulations pertaining to the cable industry are unfairly slanted towards the companies at the expense of the consumers. Realistically, the ability of cable companies to raise their rates is controlled by nothing more than the limits of the local market. Television has become the most important mass communication medium in this country and is considered by most Americans to be a basic necessity on which they depend for news and information. Despite this fact, cable companies apparently have no regard for the public interest, and for years have been increasing the cost of their services in a manner that defies economic logic. For instance, Adelphia recently raised the rates for its customers in Montgomery by 9.7%. This adds to the overall 77% increase in rates residents have been subjected to over the past five years. We at the Township feel that a pattern of rate increases of this magnitude are outrageous when compared to the CPI which has only risen approximately 4% annually on average over that same time period.

This situation would not be so extreme were it not for the fact that virtually every cable company operates in an environment free from direct competition. While the franchise agreements between municipalities and cable operators are "non-exclusive", this is true in name only. In consideration of the capital expense involved with installing a new cable system in a community, it is almost impossible for additional operators to enter a market once another cable company has established itself there. In other words, after a company installs its equipment in a community, it essentially has a monopoly in that municipality and is able to control the price and level of cable service there. Monopolies are not in the interest of the public, and are not the American way of doing business.

Importantly, this industry accelerates to the maximum permitted depreciation of plant, equipment and goodwill (the large premium paid to acquire the franchise over the book value of such franchises). This added to the interest paid on the top-heavy outstanding debt means these companies rarely pay federal income taxes. This clearly is unfair at a time

*Senator Arlen Specter*  
*Page 2*

when most Americans will be asked to sacrifice by paying higher income and use taxes in order to begin to stabilize our nation's fiscal future. We strongly support the right for business to achieve a fair return on its investment. In this case however, the returns are unfair, unreasonable, and work against the public interest.

We at Montgomery Township are determined to do everything we can to create a more equitable environment for subscribers to cable television. We understand that as a municipality, our ability to regulate the cable companies is very limited, but we feel compelled to add ours to the many voices speaking out against the price-gouging and unfair business practices of cable companies. We are appealing to you to use your influence with the FCC to encourage increased rate regulation of the cable industry.

Again Senator Specter, we and our residents would appreciate your help with this important matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert Simpson, Jr.", with a stylized flourish at the end.

Robert Simpson, Jr., Chairman  
Montgomery Township Board of Supervisors

RS/jwj